Form (2)

446
10.6.2015

THE REPUBLIC OF THE UNION OF MYANMAR

The Myanmar Investment Commission

PERMIT

Permit No. 962/2015 Date 10th, June 2015

This Permit is issued by the Myanmar Investment Commission according to the section 13 (b) of the Republic of the Union of Myanmar Foreign Investment Law-

(a) Name of Investor/Promoter MR. RAMESH KUMAR SAWARTHIA

(b) Citizenship CHINESE

(c) Address OFFICE NO.1208,12/F, TOWER 2, 30 CANTON ROAD, TST, KOWLOON, HONG KONG

(d) Name and Address of Principal Organization -

(e) Place of incorporation -

(f) Type of Investment Business MANUFACTURING AND MARKETING OF VENEER, PLYWOOD, TEAK VENEER AND SAWN TIMBER

(g) Place(s) at which investment is permitted PLOT NO. LG-8, BLOCK NO.(1+2+3+4), NGAZUN TOWNSHIP, MYINGYAN DISTRICT, MANDALAY REGION

(h) Amount of Foreign Capital US$ 6.77 MILLION

(i) Period for Foreign Capital brought in WITHIN (1) YEAR FROM THE DATE OF ISSUANCE OF MIC PERMIT

(j) Total Amount of Capital (Kyat) EQUIVALENT IN KYAT OF US$ 7.53 MILLION (INCLUDING US$ 6.77 MILLION)

(k) Construction period 2 YEARS

(l) Validity of Investment Permit 50 YEARS

(m) Form of Investment JOINT VENTURE

(n) Name of Company Incorporated in Myanmar LOTUS WOOD INDUSTRY LIMITED

Chairman

The Myanmar Investment Commission

ပြည်ထောင်စုသမ္မတမြန်မာနိုင်ငံတော်
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၉၆၂/၂၀၁၅ ၂၀၁၅ ခုနှစ် ဇွန်လ ၁၀ ရက်

ပြည်ထောင်စုသမ္မတ မြန်မာနိုင်ငံတော် နိုင်ငံခြား ရင်းနှီးမြှုပ်နှံမှု ဥပဒေပုဒ်မ ၁၃၊ ပုဒ်မခွဲ (ခ)အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည်-

(က) ရင်းနှီးမြှုပ်နှံသူ/ကမကထပြုသူ၏အမည် MR. RAMESH KUMAR SAWARTHIA

(ခ) နိုင်ငံသား CHINESE

(ဂ) နေရပ်လိပ်စာ OFFICE NO.1208,12/F, TOWER 2, 30 CANTON ROAD, TST, KOWLOON, HONG KONG

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ -

(င) ဖွဲ့စည်းရာအရပ် -

(စ) ရင်းနှီးမြှုပ်နှံသည့်လုပ်ငန်းအမျိုးအစား သစ်ပါးလွှာ၊ ကွန်းသစ်ပါးလွှာ၊ အထပ်သားနှင့် သစ်အချောထည်များ ထုတ်လုပ်ခြင်းနှင့် ရောင်းချခြင်း လုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံသည့်အရပ်ဒေသ(များ) မြေကွက်အမှတ်-LG-8၊ အကွက်အမှတ်-(၁+၂+၃+၄)၊ ငါန်းဇွန်မြို့နယ်၊ မြင်းခြံခရိုင်၊ မန္တလေးတိုင်းဒေသကြီး

(ဇ) နိုင်ငံခြားမတည်ငွေရင်းပမာဏ အမေရိကန်ဒေါ်လာ ၆.၇၇ သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ကော်မရှင်ခွင့်ပြုမိန့်ရရှိသည့်နေ့မှ ၁ နှစ် အတွင်း

(ည) စုစုပေါင်းမတည်ငွေရင်းပမာဏ(ကျပ်) အမေရိကန်ဒေါ်လာ ၇.၅၃ သန်းနှင့် ညီမျှသော မြန်မာကျပ်ငွေ (အမေရိကန်ဒေါ်လာ ၆.၇၇ သန်း အပါအဝင်)

(ဋ) တည်ဆောက်မှုကာလ ၂ နှစ်

(ဌ) ရင်းနှီးမြှုပ်နှံမှုခွင့်ပြုသည့် သက်တမ်း ၅၀ နှစ်

(ဍ) ရင်းနှီးမြှုပ်နှံမှုပုံစံ ဖက်စပ်နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှု

(ဎ) မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် ကုမ္ပဏီအမည် LOTUS WOOD INDUSTRY LIMITED

ဥက္ကဋ္ဌ
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

THE REPUBLIC OF THE UNION OF MYANMAR

MYANMAR INVESTMENT COMMISSION

No.(1), Thitsar Road, Yankin Township, Yangon

Our ref: DICA-2/ FI- 121/ 2015(446) Tel: 01-658127

Date : 10th June 2015 Fax: 01-658136

Subject : **Decision of the Myanmar Investment Commission on the Proposal for "Manufacturing and Marketing of Veneer, Plywood, Teak Veneer and Sawn Timber" under the name of Lotus Wood Industry Limited.**

Reference: Lotus Wood Industry Limited Letter dated (17-3-2015)

1. The Myanmar Investment Commission, at its meeting (9/2015) held on (18-5-2015) had approved the proposal for investment in "Manufacturing and Marketing of Veneer, Plywood, Teak Veneer and Sawn Timber" under the name of "Lotus Wood Industry Limited" submitted as a Joint Venture between Mr. Ramesh Kumar Sawarthia (80%) from People's Republic of China, Mr. Sankat Mochan Shrivastava (10%) from India and U San Jay Kumar (5%) and U Ar Khi Lit@ MICKY (5%) from Myanmar.

2. Hence, the "Permit" is herewith issued in accordance with Chapter VII, section 13(b) of the Republic of the Union of Myanmar Foreign Investment Law and Chapter VIII, Rule 49 of the Foreign Investment Rules relating to the Republic of the Union of Myanmar Foreign Investment Law. Terms and Conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be 50 (fifty) years. The term of the Lease shall be 50 (fifty) years commencing from the date of signing of the Lease Agreement for land and building and extendable for 10 (ten) years in 2(two)times by mutual agreement between U San Jay Kumar, U Ar Khi Lit@MICKY and Lotus Wood Industry Limited. At the expiry of the lease period, lessee shall transfer the leased land within 3(three)months in good condition, ground damages having been refilled or repaired.

4. The annual rent for the land calculated at the rate of US$ 133,786.27 calculated at the rate of US$ 2.50 per square meter per year of the total land measuring 53,514.51 square meters (13.22 acres).

5. In issuing this "Permit," the Commission has granted, the followings, exemptions and reliefs as per Chapter XII section 27 (a), (h), (i) and (k) of the Foreign Investment Law. Other exemptions and reliefs under section 27 shall have to be applied upon the actual performance of the project;

(a) As per section-27(a), income tax exemption for a period of five consecutive years including the year of commencement on commercial operation;

(b) As per section-27(h), exemption or relief from custom duty or other internal taxes or both on machinery, equipment, instrument, machinery components, spare parts and materials used in the business which are imported as they are actually required for use during period of construction of business;

(c) As per section-27(i), exemption or relief from customs duty or other internal taxes or both on raw materials imported for production for the first three-year after the completion of construction of business;

(d) As per section-27(k), exemption or relief from commercial tax on the goods produced for export;

6. Lotus Wood Industry Limited shall have to sign the Lease Agreement for land and building with U San Jay Kumar, U Ar Khi Lit @ MICKY. Mr. Ramesh Kumar Sawarthia and Mr. Sankat Mochan Shrivastava shall have to sign the Joint Venture Agreement with U San Jay Kumar, U Ar Khi Lit@ MICKY . After signing such Agreements, (5) copies of each shall have to be forwarded to the Commission.

7. Lotus Wood Industry Limited in consultation with the Department of Company Registration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of

Incorporation and Memorandum of Association and Articles of Association shall have to be forwarded to the Commission.

8. Lotus Wood Industry Limited shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit" it shall become null and void.

9. Lotus Wood Industry Limited has to abide by Chapter X, Rule 58 and 59 of the Foreign Investment Rules for construction period.

10. As per Chapter X, Rule 61 of the Foreign Investment Rules, extension of construction period shall not be granted more than twice except it is due to unavoidable events such as natural disasters, instabilities, riots, strikes, emergency of State condition, insurgency and outbreak of wars.

11. As per Chapter X, Rule 63 of the Foreign Investment Rules, if Lotus Wood Industry Limited cannot construct completely in time the construction period or extension period, the Commission will have to withdraw the permit issued to the investor and there is no refund for the expenses of the project.

12. The commercial date of operation shall be reported to the Commission.

13. Lotus Wood Industry Limited is prohibited from importing (if any) the same species of wood available in Myanmar.

14. Lotus Wood Industry Limited shall endeavour to meet the targets for production stated in the proposal as the minimum target.

15. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal and also in accordance with Chapter XI, section 24 and section 25 of the Foreign Investment Law and the Lotus Wood Industry Limited has to follow the existing Labour Laws for the recruitment of staff and labour in accordance with Chapter XIII, Rule 84 of the Foreign Investment Rules.

16. In order to evaluate foreign capital and for the purpose of its registration in accordance with the provisions under Chapter XV, section 37

of the Foreign Investment Law, it is compulsory to report as early as possible in the following manner:-

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened and defined under Chapter XVI, Rules 134 and 135 of the Foreign Investment Rules;

(b) the detailed lists of the type and value of foreign capital defined under Chapter I, section-2(i) of the Foreign Investment Law, other than foreign currency.

17. Whenever Lotus Wood Industry Limited brings in foreign capital defined under Chapter I, section-2(i) of the Foreign Investment Law, other than foreign currency in the manner of paragraph 15(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

18. Lotus Wood Industry Limited has the right to make account transfer and expend the foreign currency from his bank account in accordance with Chapter XVI, Rule 136 of the Foreign Investment Rules and for transfer of local currency generated from the business to the local currency account opened at the bank by a citizen or a citizen-owned business in the State and right to transfer back the equivalent amount of foreign currency from the foreign currency bank account of citizen or citizen-owned business by submitting the sufficient document in accordance with Chapter XVII, Rule 145 of the Foreign Investment Rules.

19. Lotus Wood Industry Limited shall report to the Commission for any alteration in the physical and financial plan of the project. Cost overrun, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

20. Lotus Wood Industry Limited shall be responsible for the preservation of the environment at and around the area of the project site. In addition to this,

it shall carry out as per instructions made by Ministry of Environmental Conservation and Forestry in which to conduct an Initial Environmental Examination (IEE) Process and an Environmental Management Plan (EMP) which describe the measure to be taken for preventing, mitigation and monitoring significant environmental impacts resulting from the implementation and operation of proposed project or business or activity has to be prepared and submitted and to perform activities in accordance with this EMP and be abided by the environmental policy, Environmental Conservation Law and other environmental related rules and procedures.

21. After getting permit from Myanmar Investment Commission, Lotus Wood Industry Limited shall have to be registered at the Directorate of Industrial Supervision and Inspection.

22. Lotus Wood Industry Limited shall have to abide by the Fire Services Department's rules, regulations, directives and instructions. Moreover, fire prevention measures shall have to undertake such as water storage tank, fire extinguishers and provide training to use the fire fighting equipments.

23. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc., shall be made out of the export earnings of Lotus Wood Industry Limited.

24. Lotus Wood Industry Limited in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter XII, Rule 79 and 80 of the Foreign Investment Rules.

(Zay Yar Aung)
Chairman

Managing Director
Lotus Wood Industry Limited

cc: 1. Office of the Government of the Republic of the Union of Myanmar
2. Central Bank of Myanmar
3. Ministry of Home Affairs

4. Ministry of Foreign Affairs
5. Ministry of Agriculture and Irrigation
6. Ministry of Environmental Conservation and Forestry
7. Ministry of Electric Power
8. Ministry of Immigration and Population
9. Ministry of Industry
10. Ministry of Commerce
11. Ministry of Finance
12. Ministry of National Planning and Economic Development
13. Ministry of Labour, Employment and Social Security
14. Office of the Mandalay Region Government
15. Director General, Department of Environmental Conservation
16. Director General, Immigration and National Registration Department
17. Director General, Directorate of Industrial Supervision and Inspection
18. Director General, Directorate of Trade
19. Director General, Internal Revenue Department
20. Director General, Customs Department
21. Director General, Directorate of Investment and Company Administration
22. Director General, Directorate of Labour
23. Director General, Fire Service Department
24. Managing Director, Myanma Timber Enterprise
25. Managing Director, Myanma Electric Power Enterprise
26. Managing Director, Myanma Foreign Trade Bank
27. Managing Director, Myanma Investment and Commercial Bank
28. Managing Director, Myanma Insurance
29. Chairman, Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)